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## Idaho Department of Parks and Recreation

### Management Report on Financial Procedures

Issued: August 25, 2003  
Fiscal Year: 2001 and 2002

## EXECUTIVE SUMMARY

**PURPOSE AND SCOPE.** We have completed certain financial audit procedures on the Department of Parks and Recreation's financial activities that occurred during the fiscal years ended June 30, 2000, 2001, and 2002. These procedures, together with the procedures performed at other State agencies, allow us to express our opinion on the statewide basic financial statements prepared by the State Controller's Office. Since a major federal program was present, appropriate procedures and required tests were made in order to issue the federally required Single Audit.

**CONCLUSION.** Three findings and recommendations are included in this report that will, if implemented, improve the efficiency, effectiveness, compliance, and controls of the Department. There was one finding and recommendation in the prior report that is considered closed. Although we present three findings and recommendations, we conclude that the financial operations of the Department meet accepted standards and that the Department substantially complies with laws, regulations, rules, grants, and contracts for which we tested compliance.

**FINDINGS AND RECOMMENDATIONS.** The three findings and recommendations are summarized bellow:

**Finding #1.** The Department of Parks and Recreation does not have a current written information technology plan and lacks written procedures for updating systems security.

The Department's information technology uses are rapidly changing and require constant monitoring and maintenance. The following areas are in need of improvement:

1. The Department does not have a current written short- or long-term information technology plan that supports the Department's strategic business plan. The last plan was prepared in 1998 and most of the items identified in that plan have been completed. An updated plan should be prepared annually that supports the Department's business plan to achieve departmental goals and objectives.
2. The Department does not have a detailed, written business resumption plan in place to use as a guide to resume operations, in a relatively short period of time, in case of a disaster or system failure. Disaster recovery planning requires a sufficient level of detail to address both short- and long-term disruptive events such as power failures, computer viruses, and hardware failure that could lead to the loss of data and disruption of services.
3. The Department does not have written procedures in place to update computer systems with the latest service packs and security updates for operating systems and applications in use. Checking and installing current updates and service packs reduces the vulnerability of systems to viruses and attacks.

We recommend that the Department develop written plans and procedures, including:

1. Detailed short- and long-term information technology plans that support the Department's strategic business plan.
2. Consolidated business resumption and recovery plans and proper training for employees who will implement the plans.
3. Procedures to update the system with the latest service packs and product fixes as they become available.

**Finding #2.** Department payroll procedures lack some internal controls, and overtime accruals are not always in compliance with Department policy.

The Department's internal control procedures and compliance with policies relating to processing payroll transactions are generally good; however, following are some areas where improvements could be made:

1. Park manager duties for payroll functions as they relate to seasonal employees are not properly segregated. Park managers have the authority to hire and fire, as well as approve time sheets and distribute paychecks for seasonal employees.
2. Employee-signed time sheets for seasonal employees are not retained. Signed time sheets, electronic or otherwise, should be kept for all employees as verification that the individual employee has been paid for all hours reported as worked. Additionally, employee-signed resignation letters are not required of seasonal employees.
3. Fourteen employees had in excess of 120 hours of accumulated compensatory time without the required authorization. Four employees had in excess of 300 hours, with one employee having accumulated approximately 800 hours of overtime. Department overtime policy states that no person shall accrue more than 120 hours of accumulated overtime without written approval of the Department director or his designee.

We recommend that the Department strengthen internal controls over the payroll process by segregating payroll duties or initiating compensating control where applicable; maintaining employee-signed time and attendance records; requiring all employees to submit a signed resignation letter; and requiring employees to obtain prior approval for overtime in accordance with the Department overtime accrual policy.

Finding #3. Department subrecipient monitoring procedures for the Recreational Trails program are not documented.

The Department subgrants federal funds to various local entities for recreational trail projects. Pass-through entities are required to monitor subrecipient activities to provide reasonable assurance that the subrecipients administer the federal funds in compliance with federal requirements. OMB Circular A-133 suggested monitoring procedures include reviewing reports submitted by subrecipients, and performing site visits to review financial and programmatic records and observe operations. The Department staff estimates that 60 to 70 percent of the completed projects are reviewed; however, the Department has not maintained detailed documentation of these reviews.

We recommend that the Department retain documentation of the subrecipient monitoring procedures described in OMB Circular A-133 to show that such monitoring actually occurred.

**PRIOR FINDINGS AND RECOMMENDATIONS.** The prior report contained one finding and recommendation, which the Department has complied with as described below:

Prior Finding #1. Reimbursed federal funds totaling \$62,000 should have been unrestricted.

The Department receives reimbursements for grant expenditures incurred on federal projects. Because federal funds are received on a reimbursement basis, grants should not have positive cash balances. Positive cash balances occurred in the Federal Emergency Management Administration Grant (\$33,489) and the Recreational Trails Program (\$28,689). These occurred because expenses were paid from other funds and the reimbursements were deposited into the federal fund, rather than the fund that originally incurred the cost. Federal regulations require that entities funded on a reimbursement basis must pay costs before requesting reimbursement from the federal program. Thus, when money is reimbursed it becomes State money and should be deposited to the fund where the expenses were incurred. As a result, the federal fund had a \$62,000 unrestricted cash balance that could have been used on other Department programs. The Department has moved the positive cash balances to the applicable dedicated fund sources and the grants have been closed. Status: CLOSED.

**AGENCY RESPONSE.** The Department has reviewed the report and is in general agreement with its contents. The Department's responses to the findings and recommendations are included in the findings and recommendation section of the complete report.

**FINANCIAL SUMMARY.** The procedures completed and described above help us express our opinion on the fairness of presentation of the statewide Comprehensive Annual Financial Report (CAFR). Although no opinion is given on the financial data presented in this report, one is given on all State funds in the CAFR, including the financial data presented in the complete report.

**OTHER ISSUES.** In addition to the findings and recommendations, we discussed other, less important issues which, if changed, would improve internal control, ensure compliance, or improve efficiency.

This report is intended solely for the information and use of the Department of Parks and Recreation and the Idaho Legislature, and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the cooperation and assistance given to us by the Department's director, Rick Collingnon, and his staff.

**QUESTIONS CONCERNING THIS DOCUMENT SHOULD BE DIRECTED TO:**  
Ray Ineck, CGFM, Supervisor, Legislative Audits